

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 ERDA-07 AID-05 CEA-01 CIAE-00 CIEP-02

COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07 INT-05 L-02

NSAE-00 NSC-05 OMB-01 PM-03 SAM-01 OES-05 SP-02 SS-15

STR-04 TRSE-00 FRB-01 FEA-01 PA-02 PRS-01 USIA-15

/108 W

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P R 012135Z MAY 75

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC PRIORITY 6318

INFO AMCONSUL CALGARY

AMCONSUL VANCOUVER

UNCLAS OTTAWA 1635

E.O. 11652: N/A

TAGS: ENRG CA

SUBJECT: ENERGY: ALBERTA NATURAL GAS PRICE INCREASE

REF: CALGARY 225 (NOTAL)

1. WITH REFERENCE TO APRIL 29 ANNOUNCEMENT OF ALBERTA ARBITRATION DECISION IN DISPUTE BETWEEN GULF OIL CANADA AND TRANS CANADA PIPELINE WHICH RAISES WELLHEAD PRICE OF NATURAL GAS TO \$1.15 PER MCF EFFECTIVE NOVEMBER 1, ENERGY MINISTER MACDONALD STATED IN COMMONS APRIL 30: "IT WOULD BE THE GOVERNMENT'S VIEW THAT AN INCREASE TO \$1.15 AT THE WELLHEAD SHOULD NOT TAKE PLACE AT THIS TIME. INDEED, OFFICIALS OF MY DEPARTMENT HAVE ALREADY MET WITH THE ALBERTAN OFFICIALS TO TALK ABOUT SOME AGREEMENT ON AN INCREASE, BUT TO A MUCH LOWER LEVEL THAN THAT PROPOSED BY THE ARBITRATION BOARD.

I AM ANTICIPATING MEETING THE ALBERTA MINISTER OF ENERGY THIS COMING WEEK TO HAVE FURTHER DISCUSSIONS ALONG THIS LINE, AND WE HOPE THAT THIS WILL LEAD TO AN AGREEMENT ON A PRICE FOR NATURAL GAS, AS OF NOVEMBER 1 THIS YEAR,

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WHICH COULD THEN BE MADE SUBJECT TO ORDERS IN COUNCIL

AS PROVIDED FOR IN THE PETROLEUM ADMINISTRATION ACT,  
ASSUMING, OF COURSE, THAT THAT BILL COMES INTO LAW."

2. MP DOUGLAS (NDP) THEN ASKED FOLLOWING QUESTION:  
"IN VIEW OF THIS DECISION WHETHER IT STANDS OR NOT, IN  
REGARD TO THE DOMESTIC PRICE OF NATURAL GAS, MAY I  
ASK THE MINISTER WHAT EFFECT IT WILL HAVE ON SETTING  
THE EXPORT PRICE OF GAS? IN VIEW OF THE FACT THAT IT  
IS GENERALLY CONCEDED THAT THE MINISTER HAS IN MIND A  
PRICE OF \$1.60 ALLOWING FOR TRANSPORTATION, A PRICE  
OF \$1.15 WOULD MEAN THAT CANADIAN CONSUMERS WOULD BE  
PAYING A HIGHER PRICE FOR GAS THAN AMERICAN CONSUMERS.  
WILL THE MINISTER BE MAKING AN ANNOUNCEMENT WITHIN THE  
NEXT FEW DAYS ON THE EXPORT PRICE, AND CAN HE GIVE US  
ANY IDEA WHETHER THE ACTION IN ALBERTA WILL HAVE ANY  
EFFECT ON THE FEDERAL GOVERNMENT'S DECISION IN RESPECT  
OF THE EXPORT PRICE FOR NATURAL GAS?"

3. MACDONALD REPLIED: "STRICTLY SPEAKING MR. SPEAKER,  
IT WOULD NOT HAVE A DIRECT EFFECT ON THE DETERMINATION  
OF THE EXPORT PRICE. I ANTICIPATE BEING ABLE TO MAKE  
AN ANNOUNCEMENT WITHIN THE NEXT SEVERAL DAYS IN RESPECT  
OF THE NEXT STEP UPWARDS IN THE EXPORT PRICE OF GAS,  
BUT I JUST CONFIRM AGAIN THAT MY EFFORTS WILL BE  
DIRECTED TOWARD KEEPING DOWN THE PRICE OF GAS TO THE  
CANADIAN CONSUMER VERY MUCH BELOW THE \$1.15 LEVEL."  
JOHNSON

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NNN

## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**TAGS:** ENRG, CA, GULF OIL CANADA, TRANS CANADA PIPELINE  
**To:** STATE  
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